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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 17-85

April 24, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

THAILAND has raised its import duty on both wheat and wheat flour to \$100 per ton. The result is expected to increase production costs of domestic flour by 20 percent, and will make the landed cost of imported flour about 17 percent cheaper than locally produced flour. Flour consumption in Thailand will most likely decline by as much as 15 percent, and actual imports of wheat by a significantly larger amount. U.S. wheat sales to Thailand, which have averaged about 100,000 tons the past two years, could decline substantially.

The SOVIET UNION has expressed interest in purchasing an additional 1 million tons of wheat from India. Last December, India sold the Soviets 500,000 tons for shipment in the first half of 1985. These new sales will likely be shipped after July 1. Originally, it was expected that India would only export 750,000 tons in 1984/85, but another good wheat harvest has enabled food grain stocks to build to record levels.

U.S. corn export commitments to PERU of 42,000 tons in the current October-September 1984/85 marketing year are nearly 100,000 tons behind last year's pace. Peru recently purchased 80,000 tons of corn from Argentina, which is estimated to be two-thirds of its corn needs for the balance of 1985. For the past three years, Argentine corn sales to Peru have averaged only 20,000 tons, while U.S. corn exports have averaged 425,000 tons, accounting for most of Peru's import needs.

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DAIRY, LIVESTOCK AND POULTRY

State and collective farms in the SOVIET UNION report first quarter meat production in 1985 was 7 percent above the same period in 1984, according the U.S. agricultural attache in Moscow. For the individual meats, beef and poultry meat output were each up more than 7 percent, while pork output increased 5 percent. Production of eggs during the first quarter of 1985 was up more than 1 percent. Lower productivity per cow caused first quarter milk production to be about 1 percent below the first quarter of 1984.

Government procurements from state and collective farms generally followed the pattern of production, i.e., meat procurements during January - March were up 6 percent while procurements of eggs were up nearly 2 percent. In contrast to the decline in milk production, government procurements of milk were up slightly. Meat procurements from the private sector were the same as in 1984.

On April 1, 1985 cattle numbers on state and collective farms were reported at 96.7 million head, 0.7 million above April 1, 1984 and 1.5 million head above March 1, 1985. During the past three years, the average increase during March has been about 2 million head. Hog numbers were reported at 57.6 million, 1 million head below a year ago and 0.9 million head below March 1, 1985. The decline in hog numbers during March is the largest (both in percentage and absolute items) since 1975. During the past three years, hog numbers have tended to show little change during March. Poultry numbers on April 1 were reported at 756.2 million birds, 10 million above 1984. The March increase is roughly comparable with March increases during the past three years.

JAPAN imported 3,000 tons of Brazilian chicken meat in the first two months of 1985, a sharp increase from the 800 tons imported during the same period of last year. Japanese broiler imports from Brazil rose from 2,000 tons in 1983 to 10,000 tons in 1984, while U.S. exports to Japan fell 20 percent from 63,000 tons to 51,000 tons.

Japanese broiler imports are projected to be 100,000 tons in 1985, slightly lower than 1983 and 1984 import levels. An increase in Brazilian imports could thus signify a further reduction in U.S. exports to Japan, our largest broiler market.

The latest EGYPTIAN frozen beef tender resulted in awards ranging in price from \$997-\$1,047 per ton from the EC to \$1,044-\$1,347 per ton from Brazil (all prices are CIF Alexandria). The EC prices slightly undercut prices for frozen whole chickens from Brazil and France, which have been running \$1,000-\$1,050 per ton C&F Alexandria. The availability of beef at such favorable prices may be partly responsible for the EGYPT'S recent decision to permit sales of publicly-imported frozen beef throughout the week, rather than restricting it to only three days a week as was previously the case.

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According to the EUROPEAN COMMUNITY'S December 1984 census, sheep numbers were up 0.6 percent to 61.03 million head while breeding females were down 0.3 percent to 42.9 million. Sheep numbers were up in all countries except France where poor lambing conditions in the fall of 1984 reduced the lamb crop by 2.5 percent. Sheep numbers in France were down 5.9 percent and the number of breeding females were down 4 percent.

EC sheep for slaughter and/or export are expected to be up 1.8 percent in 1985 to 41.52 million head due largely to a projected 6 percent rise in U.K. output. The projected U.K. expansion, however, will depend upon the extent to which the severe cold January weather reduced the 1985 lamb crop.

Goats for slaughter and/or export in 1985 are forecast to increase 0.5 percent to 5.1 million head with Greece accounting for over 80 percent of all output.

COTTON

BRAZIL has authorized an export subsidy for up to 230,000 bales of cotton. This week the trade began negotiations with that country to determine the amount of subsidy on approximately 50,000 bales. The subsidy program is expected to bring Brazilian cotton prices, currently about 25 percent above world prices, in line with international market prices. In addition to the subsidy, 600,000 bales of cotton exports will be exempt from the 13 percent value-added tax.

TOBACCO

THAILAND recently increased its import duty on cigarettes. The new tariff is the higher of 30 percent or 30 Baht/kg. The previous duty was the higher of 20 percent or 25 Baht/kg., plus 5 percent of the cif value. Based on the average unit value during 1984, the new duty would be 145.34 Baht/kg., versus 109.63 Baht/kg. under the old system. U.S. cigarette exports to Thailand are relatively small but U.S. manufacturers have been attempting to gain freer access to this market. U.S. trade statistics indicate 1984 shipments valued at \$125,000, down from \$403,000 in 1983.

ZIMBABWE received excellent first-day prices as the tobacco auction in Zimbabwe opened April 10 to begin 1985 crop sales. Opening prices, which are considered a forecast for the season, averaged Z\$2.36 (U.S.\$1.56) per kilogram versus Z\$1.41 (U.S.\$1.23) on opening day last year. The average quality of the crop presented for this year was better than that presented opening day last year. Revenues from tobacco exports reached a total of Z\$282 million in 1984. According to the Zimbabwe Tobacco Association, export revenues this year should well exceed Z\$300 million on a crop of 115-119 million kilograms.

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TURKEY'S 1984 tobacco crop is estimated at 191,000 tons, 18 percent below the previous year's output because of dry weather conditions during the growing season and a 6-percent area decrease, according to the U.S. agricultural attache in Ankara. Farmers planted less tobacco because of unfavorable support prices. The quality of this year's crop is reportedly better than last year when unfavorable weather conditions during the growing period adversely impacted quality. Oriental tobacco accounts for over 95 percent of the crop.

FRUITS AND NUTS

World commercial production of fresh pineapple is expected to expand for the second consecutive year. Combined output for 1985 is estimated at 4.5 million tons, 11 percent greater than the 1984 volume. Larger crops are forecast for all countries except the United States, where planted area has been dropping steadily since 1979.

THAILAND, the leading producer, is expected to harvest a near-record pineapple crop of 1.8 million tons in 1985. Price-related cutbacks in area, coupled with excessive dryness, caused an acute shortage of fresh pineapple during the 1982 season. The subsequent rise in 1982 and 1983 farmgate prices prompted growers to put more area back into pineapple cultivation. After a moderate increase in 1983, 1984 planted area expanded 7 percent. An additional 9-percent increase is forecast for 1985 -- reflecting persistently strong farm prices and the fact that returns per hectare from pineapple cultivation currently exceed those from alternative crops (i.e. sugarcane, coconuts and cassava).

Pineapple production in the PHILIPPINES for 1985 is estimated to reach a record 903,300 tons following the drought-reduced crops of 1983 and 1984. Excellent growing conditions, improved cultivation techniques, and the on-going area expansion by the large commercial plantations contributed to improvements in both fruit quality and yields.

Over the past several years, Thailand, the Philippines and the United States have produced approximately 70 percent of the world's commercial supplies of fresh pineapple. Pineapple harvests by other commercial producers -- Australia, Ivory Coast, Malaysia, Mexico, South Africa and Taiwan -- have fluctuated from year to year based on the changes in weather, farm prices, production costs, crop substitution, and, perhaps most importantly, the inability to compete with Thailand and the Philippines.

FRESH PINEAPPLE: PLANTED AREA AND COMMERCIAL PRODUCTION IN SELECTED COUNTRIES
(1,000 Hectares / 1,000 M.Tons)

<u>COUNTRY</u>	<u>1983</u> <u>AREA</u>	<u>1983</u> <u>PROD</u>	<u>1984</u> <u>AREA</u>	<u>1984</u> <u>PROD</u>	<u>1985</u> <u>1/</u> <u>AREA</u>	<u>1985</u> <u>1/</u> <u>PROD</u>
AUSTRALIA	6.0	111.3	6.0	121.3	6.0	123.4
IVORY COAST	---	181.5	---	222.0	---	275.0
MALAYSIA	16.7	183.4	15.6	175.5	15.2	177.0
MEXICO	6.0	250.0	8.0	260.0	10.0	350.0
PHILIPPINES	39.5	800.0	41.7	868.6	45.0	903.3
SOUTH AFRICA	29.6	209.6	30.0	203.3	31.0	223.0
TAIWAN	4.8	115.2	5.6	117.3	5.8	120.0
THAILAND	254.5	1,465.8	271.5	1,567.5	295.0	1,800.0
UNITED STATES	14.2	655.0	12.2	544.3	12.1	540.0
TOTAL	----	3,971.8	---	4,079.8	----	4,512.4

1/ Preliminary.

Apple growers in CANADA will soon receive the first re-establishment payment (U.S. \$3.48 million) under the Eastern Canada Apple Industry Compensation and Re-establishment Plan initiated by the government to rehabilitate orchards damaged by frost during the winter of 1980-81 according to the U.S. agricultural counselor in Ottawa. Approximately U.S.\$13.69 million in compensation assistance has already been paid to 988 growers for removal of dead trees and ground preparation. Payments under the re-establishment component of the plan are to cover the costs of bringing new trees into production. Through September 30, 1986, growers replanting with standard stock will receive U.S.\$11.84 per tree -- lesser rates will apply to semi-dwarf and dwarf rootstock.

Selected International Prices

Item	: April 16, 1985	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			
Canadian No. 1 CWRS-13.5%.	189.00	5.14	+2.00
U.S. No. 2 DNS/NS: 14%....	173.75	4.73	2.50
U.S. No. 2 S.R.W.	163.50	4.45	-5.00
U.S. No. 3 H.A.D.....	181.00	4.93	0
Canadian No. 1 A: Durum...	189.50	5.15	.25
Feed grains:			
U.S. No. 3 Yellow Corn....	136.00	3.45	0
Soybeans and meal:			
U.S. No. 2 Yellow.....	242.75	6.61	+1.00
Brazil 47/48% SoyaPellets 4/	154.00	--	+1.00
U.S. 44% Soybean Meal....	149.00	--	-5.00
U.S. FARM PRICES 3/			
Wheat.....	124.18	3.38	0
Barley.....	85.89	1.87	0
Corn.....	104.72	2.66	.39
Sorghum.....	97.88	4.44	.66
Broilers 7/.....	1028.67	--	-78.26
EC IMPORT LEVIES			
Wheat 8/.....	70.15	1.91	+4.95
Barley.....	66.10	1.44	+3.50
Corn.....	60.25	1.53	+2.95
Sorghum.....	74.60	1.89	4.40
Broilers 9/.....	165.00	--	+2.0
EC INTERVENTION PRICES 10/			
Common wheat(feed quality)	154.55	4.20	+2.15
Bread wheat (min. quality)7/	164.30	4.47	+2.30
Barley and all			
other feed grains.....	154.55	--	+2.15
Broilers 11/.....	1087.00		+107.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	27.00	.73	1.05
Barley.....	N.A.	--	--
Broilers 9/.....	98.00	--	+2.0

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.

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